

MANAGEMENT OF THE IRAQI  
INTERIM GOVERNMENT FUND

SIGIR-06-031  
OCTOBER 27, 2006

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## SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

October 27, 2006

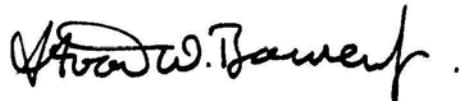
### MEMORANDUM FOR U.S. AMBASSADOR TO IRAQ COMMANDING GENERAL, MULTI-NATIONAL FORCE-IRAQ

SUBJECT: Management of the Iraqi Interim Government Fund (SIGIR-06-031)

We are providing this report for your information and use. We performed the audit in accordance with our statutory duties contained in Public Law 108-106, as amended, which requires that we provide for the independent and objective conduct of audits, as well as leadership and coordination of and recommendations on policies designed to promote economy, efficiency, and effectiveness in the administration of programs and operations and to prevent and detect waste, fraud, and abuse.

We considered comments from the Multi-National Force-Iraq. The comments are addressed in the report, where applicable, and a copy of the response letter is included in the Management Comments section of this report.

We appreciate the courtesies extended to the staff. For additional information on this report, please contact Mr. Joseph T. McDermott ([joseph.mcdermott@sigir.mil](mailto:joseph.mcdermott@sigir.mil) / 703-604-0982) or Mr. Clifton Spruill at ([clifton.spruill@iraq.centcom.mil](mailto:clifton.spruill@iraq.centcom.mil) / 703) 343-9275). For the report distribution, see Appendix E.



Stuart W. Bowen, Jr.  
Inspector General

cc: See Distribution

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## Management of the Iraqi Interim Government Fund

**SIGIR-06-031**

**October 27, 2006**

## **Executive Summary**

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### **Introduction**

In 2004, the Iraqi Interim Government established the Iraqi Interim Government Fund (IIGF), providing \$136 million from the Development Fund for Iraq<sup>1</sup> for U.S. military commanders to respond to the urgent humanitarian relief and reconstruction requirements in their areas of responsibility. The Multi-National Force-Iraq (MNF-I) is responsible for overseeing and reporting monthly to the Iraqi government on the status of IIGF projects and financial information; MNF-I's subordinate command, the Multi-National Corps-Iraq (MNC-I), is responsible for management of the IIGF projects. IIGF projects involve the repair or reconstruction of hospitals and clinics, the provision of electrical equipment (such as generators), and civic cleanup. One of its purposes is to employ as many Iraqis as possible. As of July 31, 2006, MNC-I reported that it had disbursed \$114.9 million for 683 IIGF projects, of which 628 were complete.

### **Objectives**

The objectives of this audit are to determine if MNF-I can properly account for the funds provided by the Iraqi Interim Government and has used the funds for their intended purposes.

### **Results**

MNF-I can account for the \$136 million of IIGF monies in its overall financial records. For the 26 projects we randomly reviewed, MNF-I used the funds for the intended purposes and in accordance with appropriate rules and regulations. However, we also found that project files were incomplete and that data could not be reconciled to the financial records or to the project files. Further, although monthly reports to the Iraqi government on the status and uses of the IIGF are required, we found that MNF-I had not reported to the Iraqi government since December 2005.

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<sup>1</sup> The Development Fund for Iraq is the primary repository for Iraqi oil revenues and formerly seized Iraqi assets from abroad.

Our review of 26 completed project files found that only 2 contained all required documents. We also found that MNC-I could not account for the whereabouts of all completed IIGF project files. These deficiencies could result in the lack of a historical accounting and transparency of the U.S. relief and reconstruction efforts in Iraq.

Regarding the inability to reconcile data, we found variances between the Iraq Reconstruction Management System (IRMS) and both the Army's Standard Financial System (STANFINS), and IIGF project file data. Both STANFINS and IRMS are used by MNC-I, and are the basis for a required report to be submitted monthly by MNF-I to the Iraqi government on the status of IIGF projects. MNF-I and MNC-I have actions underway to improve data quality.

## **Recommendations**

Because MNF-I has not been submitting to the Iraqi government the required monthly IIGF accounting reports on the use of the Development Fund for Iraq since December 2005, we recommend that the Commanding General, MNF-I:

1. Provide the Iraqi government the required accounting of the use of these funds. This accounting should be in compliance with MNF-I Fragmentary Order 603 "Accountability of Funds from the Iraqi Interim Government," and be henceforth submitted monthly, as required.

Further, we recommend that the Commanding General, MNF-I, direct his program managers and subordinate commands to take these actions:

2. Enforce existing guidance on maintaining project records, including conducting quarterly reviews to ensure the accuracy of IIGF project files.
3. Develop a tracking system for controlling and processing IIGF project files through the entire management process.
4. Continue efforts to improve IRMS accuracy for IIGF projects.

## **Management Comments and Audit Response**

We received written comments on a draft of this report from MNF-I. The MNF-I Chief of Staff concurred with all recommendations and has identified corrective actions that have been initiated or planned. According to their comments, MNF-I resumed its monthly reporting to the Iraqi government in July 2006. However, upon obtaining the July report, we found that it was not signed by MNF-I until September 13, 2006. The comments received were fully responsive. MNF-I's comments are included in the Management Comments section of this report.

# Introduction

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## Background

In 2004, the Iraqi Interim Government established the Iraqi Interim Government Fund (IIGF), by providing \$136 million from the Development Fund for Iraq, for U.S. military commanders to respond to the urgent humanitarian relief and reconstruction requirements in their areas of responsibility. The Multi-National Force-Iraq (MNF-I) is responsible for overseeing and reporting monthly to the Iraqi government on the status of IIGF projects and financial information; MNF-I's subordinate command, the Multi-National Corps-Iraq (MNC-I), is responsible for management of the IIGF projects. IIGF projects involve the repair or reconstruction of hospitals and clinics, the provision of electrical equipment (such as generators), and civic cleanup. One of its purposes is to employ as many Iraqis as possible. As of July 31, 2006, MNC-I reported that it had disbursed \$114.9 million for 683 IIGF projects, of which 628 projects were complete.

On June 28, 2004, the Commanding General of the Combined Joint Task Force-7, Operation IRAQI FREEDOM, who was the senior commander in Iraq at the time, sent a letter to the Iraqi Prime Minister requesting that the Iraqi government partner with the MNF-I to provide Development Fund for Iraq funds in support of Commander's Emergency Response Program<sup>2</sup> (CERP) projects. The Deputy Prime Minister responded in a letter dated July 15, 2004, agreeing to provide \$86 million immediately and promising additional funds for the future (*see Appendix B*).<sup>3</sup> On August 11, 2004, the Iraqi Interim Government transferred \$86 million to MNF-I under the custody of the Joint Area Support Group-Central Comptroller.

Based on instructions from the MNF-I Deputy Chief of Staff for Resources Management, the Joint Area Support Group-Central Comptroller disbursed the \$86 million in funds to three of the major subordinate commands of the MNC-I<sup>4</sup> as follows:

- \$38,600,000 to Multi-National Division-Baghdad (Task Force Baghdad)
- \$26,000,000 to Multi-National Division-North
- \$21,400,000 to Multi-National Force-West

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<sup>2</sup> The Commander's Emergency Response Program (CERP) allows U.S. military commanders in both Iraq and Afghanistan to undertake a variety of nonconstruction and construction activities in response to the urgent humanitarian relief and reconstruction requirements of the local population in their areas of responsibility. For more information regarding the program, see SIGIR audit report, *Management of the Commander's Emergency Response Program for Fiscal Year 2005*, (SIGIR-05-025, January 23, 2006).

<sup>3</sup> The U.S. Ambassador to Iraq provided MNF-I an additional \$86 million (matching funds) from the Iraq Relief and Reconstruction Fund, which became known as the Commanders Humanitarian Relief and Reconstruction Program and was separate from the IIGF.

<sup>4</sup> The major subordinate commands, which are deployed throughout Iraq, propose, initiate, and execute nonconstruction projects and some construction projects in their areas of responsibility.

MNF-I issued guidance for executing IIGF projects and accountability as fragmentary orders.<sup>5</sup> MNC-I, as the primary implementing agency for the IIGF, also issued its own fragmentary orders to its major subordinate commands and published its own standard operating procedures<sup>6</sup> to codify all current procedures and requirements. MNC-I was responsible for identifying new projects and submitting a list to MNF-I for approval.

In December 2004, the Iraqi Deputy Minister of Finance provided an additional \$50 million in funding, increasing the IIGF total to \$136 million. During the intervening period, the MNF-I Commanding General had approved 122 new projects identified by MNC-I to be paid for with the \$50 million.

Also in December 2004, MNF-I initiated a process to bring the IIGF into the U.S. Treasury Financial System, using the Defense Finance and Accounting Service via the Department of the Army's Standard Financial System (STANFINS). A memorandum of agreement between the 336th Finance Command, Kuwait, and MNF-I, addressed the receiving, disbursing, accounting for, and reporting of IIGF assets. It also identified a four-step process for placing IIGF monies under the formal custodial account control of authorized financial management personnel:

- Cash transfer from MNC-I division-level agents to the 336th Finance Command
- Transfer of custodial control from the Joint Area Support Group-Central Comptroller to the 336th Finance Command
- Electronic funds transfer of IIGF monies from the Iraqi Minister of Finance
- Monthly status reports on IIGF projects and disbursements from MNF-I to the Iraqi Minister of Finance

The memorandum of agreement did not alter the guidance for executing IIGF projects.

## Objectives

The objectives of this audit are to determine if MNF-I can properly account for the funds provided by the Iraqi Interim Government and has used the funds for their intended purposes.

When we announced the audit, we anticipated that a cash count would be necessary; however, we learned that the IIGF was now based on an electronic funds transfer process, and cash associated directly to IIGF was no longer utilized in the transfer of funds or for the payment of expenses/vouchers. Thus, we modified our audit objectives accordingly.

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<sup>5</sup> A Department of Defense abbreviated form of an operation order usually issued on a day-to-day basis that eliminates the need for restating information in a basic operation order. It may be issued in sections.

<sup>6</sup> MNC-I issued "CERP Family of Funds: Fiscal Policies, Processes, and Standard Operating Procedures" on June 29, 2005, and a revised version on April 24, 2006.

For a discussion of the audit scope, methodology, and prior coverage, see Appendix A. For the letter establishing the Iraqi Interim Government Fund, see Appendix B. For the summary of our analysis of 26 completed IIGF project files, see Appendix C. For the acronyms, see Appendix D. For the report distribution, see Appendix E. For a list of the audit team members, see Appendix F.

# Management Controls

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Our review found that MNF-I can account for the \$136 million of IIGF monies in its overall financial records. For the 26 projects we randomly reviewed, MNF-I used the funds for the intended purposes and in accordance with applicable rules and regulations. However, we did find shortfalls in records management and project data reliability. The 26 project files selected for review are below.

**Table—Completed IIGF Projects**

<b>Project Title</b>	<b>Project Number</b>	<b>Completion Date</b>	<b>Disbursement</b>
Funding Camp Bucca Projects (Bulk Payment)	27742	07/16/06	\$1,092,377
Baghdad Sewage Office Retrofit	27755	04/17/06	\$2,644,000
Travel Reimbursement for Voting	VI 002	11/11/05	\$2,650
Fuel for Election Support	27658	11/03/05	\$9,600
Amar Clinics	33276	10/31/05	\$2,200,000
Sewer Line Repair	33121	07/30/05	\$1,140,687
Sewer Network Renovation	33112	07/05/05	\$2,237,860
Construction Apprentice Program	33553	07/01/05	\$60,000
Route Pluto Renovations	32249	06/01/05	\$400,000
Renovation of Fresh Water System	32019	06/01/05	\$2,133,888
Roadway Project	32238	05/21/05	\$144,650
Pump Station Renovation	31733	05/14/05	\$1,902,000
Renovation Rasheed Water Treatment Plant	31994	05/01/05	\$499,920
Sewer Lift Station Rehabilitation	33099	04/30/05	\$134,000
Rear Generators Inoperative	33011	04/27/05	\$1,398,800
Install New Sewer Pumps	33108	04/22/05	\$3,015,046
Rehab P6 Sewage Pump Station	33126	03/30/05	\$191,600
Road Refurbishment	30186	02/24/05	\$50,000
Road Construction	30596	02/13/05	\$42,000
Two Armored SUVs	33255	02/04/05	\$343,000
Primary School Repair	30222	02/02/05	\$28,509
Primary School Repair	30221	02/02/05	\$23,370
Secondary School for Boys	30194	02/02/05	\$43,382
Graffiti Removal	05MD85304	01/10/05	\$1,300
School Construction	35968	01/05/05	\$84,436
Hospital Work	1AD2BCT-130/MDIA607	09/14/04	\$94,035
<b>TOTAL</b>			<b>\$19,917,110</b>

Source: SIGIR analysis of selected IIGF project files, as of August 2006.

MNF-I utilized several processes to oversee and manage the IIGF. Specifically, MNF-I required:

- MNC-I to centralize the collection and management of project records, and required the major subordinate commands to provide their records for completed projects to MNC-I on a quarterly basis,
- IIGF financial information to be controlled through the Defense Finance and Accounting Service via STANFINS,
- all major subordinate commands to report the status of projects to MNC-I via the Iraq Reconstruction Management System (IRMS) that is operated by the Gulf Region Division of the U.S. Army Corps of Engineers.

## Records Management

MNF-I centralized the management and maintenance of completed IIGF project files at MNC-I, requiring the major subordinate commands to submit completed project files with all required source documentation for review and storage on a quarterly basis.

MNC-I's Standard Operating Procedures contain a requirement that the major subordinate commands submit, at a minimum, 13 types of supporting records or documents for each completed project to MNC-I. We reviewed the completed IIGF project files to ascertain if the 13 supporting records or documents were in the files.

Initially, the sample we selected for review of the IIGF files was a random sample of all completed projects. However, MNC-I was not able to provide us all the required records/project files nor were the files kept in a manner whereby we had access to all records. MNC-I officials acknowledged this, and even went so far as to disclose that the major subordinate commands might have mistakenly sent some project files directly to the Coalition Forces Land Component Command in Atlanta, Georgia, thereby circumventing MNC-I's oversight process. Further, the records were not maintained in a manner where it was easy to identify which projects were funded by IIGF.

Because of MNC-I's inability to provide a complete set of complete project files, we determined that a judgmental sample would be the best approach to conduct our selection of project files to be reviewed. Our judgmental sample consisted of 26 completed project files totaling \$19.9 million in MNC-I's control at Camp Liberty in Baghdad, Iraq. Our review disclosed that:

- 2 of the 26 files contained all of the required supporting documentation
- 24 were missing two or more required documents
- the majority of the missing documents were signature cards and appointment letters for the paying agent and the project purchasing officer

In interviews with budget personnel, we were told that due to the large number of transactions handled by the paying agents and project payment officers, copies of the signature cards or appointment letters were not included in all project files as required. For a summary of our analysis of the documents contained in the 26 sampled project files, see Appendix C.

The Special Inspector General for Iraq Reconstruction (SIGIR) has reported on a lack of documentation in project files held by MNC-I in two previous audit reports<sup>7</sup> on CERP. As identified in those previous reports, these deficiencies could result in the loss by the U.S. government of a historical accounting and transparency of the efforts conducted to provide relief and reconstruction to the people of Iraq.

## Data Reliability

MNC-I uses two separate automated management information systems: STANFINS for tracking and reporting IIGF disbursements; and IRMS for tracking project data. These two systems collectively provide the basis for MNC-I to report the status of IIGF projects to MNF-I.

To reconcile the IIGF data between MNC-I financial records and STANFINS, we compared obligations and disbursements for each of the major subordinate commands as of August 18, 2006, and found that the MNC-I maintained financial spreadsheet was in agreement with STANFINS. We then tried to reconcile IRMS aggregate financial data with STANFINS and found an insignificant variance of approximately .3% between the two systems for both obligations and disbursements. According to an MNF-I official, between December 2005 and July 2006, the variances had been much higher and MNF-I had successfully worked to reduce them.

In addition, during our review of the IIGF project files, we noted inaccuracies between data in the project files and the data in IRMS. Several examples are as follows:

- A project file showed the project completed in November 2005, but IRMS showed the project as in progress.
- A project file contained documents identifying funds transferred to a major subordinate command via Military Interdepartmental Purchase Request (referred to as bulk payments) to be used for various ongoing projects. IRMS listed the project as being completed and the money disbursed. The effect of this skews the number of projects completed and the amount of IIGF monies actual disbursed on projects since there is no way of assuring all of the bulk payment money will be disbursed.

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<sup>7</sup> *Management of the Commander's Emergency Response Program for Fiscal Year 2004* (SIGIR-05-014, October 13, 2005) and *Management of the Commander's Emergency Response Program for Fiscal Year 2005* (SIGIR-05-025, January 23, 2006).

- Documentation identifying total project costs contained in the project file did not agree with the actual disbursed cost in IRMS.
- The unique requirements identifier listed on a project file did not agree with the unique requirements identifier for that project in IRMS.

As a result of the data inaccuracies in IRMS, we did not use IRMS data for validation purposes during the course of this audit. In a previous report, *Review of Data Entry and General Controls in the Collecting and Reporting of the Iraq Relief and Reconstruction Fund* (SIGIR-06-003, April 28, 2006), we identified that the reliability of the reports generated by IRMS is diminished without assurances that the initial data entering the system are complete, accurate, and valid. Until improvements are made, there is diminished assurance that there is adequate integrity of the data in IRMS that supports program management oversight and decision making. The results of this review are another example of the need for improving the data quality in IRMS.

We discussed this issue with both MNF-I and MNC-I and were told that they have been working on this for some time, and that MNC-I is cleaning up the data in IRMS to ensure accuracy and has made good progress. As this data reconciliation was being conducted, MNC-I continued to provide monthly reports to MNF-I on the status of IIGF projects. However, as of January 2006, MNF-I decided to cease submitting the IIGF monthly status report required by MNF-I Fragmentary Order 603 “Accountability of Funds from the Iraqi Interim Government” until the IIGF financial and project data could be reconciled. By not reporting this data, MNF-I has not provided transparency and accountability for the funds transferred by the Iraqi government to MNF-I for its administration and management.

# **Conclusion and Recommendations**

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## **Conclusion**

MNF-I can account for the \$136 million of IIGF monies in its overall financial records. For the 26 projects we randomly reviewed, MNF-I used the funds for the intended purposes and in accordance with appropriate rules and regulations. However, MNF-I had not provided the monthly status report prepared by MNC-I to the Iraqi government since December 2005 because financial data in STANFINS could not be reconciled with project data in IRMS. We also found data reliability issues in IRMS. We previously addressed the reliability of IRMS in prior audit reports.

On a positive note, an initiative is underway to improve data quality in IRMS for the IIGF projects. However, based on our review, we do not agree that MNF-I is unable to provide to the Iraqi government a status of its money and of the ongoing and completed projects since our analysis found only an insignificant .3% variance in financial data between the STANFINS financial system and the IRMS project management system. Even with a larger variance, reports should have been provided monthly, explaining the accounting difficulties and the actions being taken to resolve them.

## **Recommendations**

Because MNF-I has not been submitting to the Iraqi government the required monthly IIGF accounting reports on the use of the Development Fund for Iraq since December 2005, we recommend that the Commanding General, MNF-I:

1. Provide the Iraqi government the required accounting of the use of these funds. This accounting should be in compliance with MNF-I Fragmentary Order 603 “Accountability of Funds from the Iraqi Interim Government,” and be henceforth submitted monthly, as required.

Further, we recommend that the Commanding General, MNF-I direct his program managers and subordinate commands to take these actions:

2. Enforce existing guidance on maintaining project records, including conducting quarterly reviews to ensure the accuracy of IIGF project files.
3. Develop a tracking system for controlling and processing IIGF project files through the entire management process.
4. Continue efforts to improve IRMS accuracy for IIGF projects.

## **Management Comments and Audit Response**

We received written comments on a draft of this report from MNF-I. The MNF-I Chief of Staff concurred with all recommendations and has identified corrective actions that

have been initiated or planned. According to their comments, MNF-I resumed its monthly reporting to the Iraqi government in July 2006. However, upon obtaining the July report, we found that it was not signed by MNF-I until September 13, 2006. The comments received were fully responsive. MNF-I's comments are included in the Management Comments section of this report.

## **Appendix A—Scope and Methodology**

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In May 2006, we initiated this audit (Project no. 6019) to conduct a cash accountability audit of the Iraqi Interim Government Fund (IIGF) and to determine if the IIGF was administered according to applicable policies and procedures. At the time of our review no cash count was needed because the IIGF had been reestablished as a deposit fund in the U.S. Treasury Financial System and accounted for by the Defense Finance and Accounting Service via the Department of the Army's Standard Financial System (STANFINS). The Defense Finance and Accounting Service reimburses the major subordinate commands by electronic transfer on monies drawn from their funds. As a result, we modified the audit objectives stated in the announcement letter dated May 9, 2006.

This report discusses our limited review of management controls over IIGF funds and, specifically, 26 completed project files, totaling \$19.9 million. We performed a judgmental sample of completed projects files to determine if those files had all the required documentation (*see Appendix C*). We performed a judgmental sample because Multi-National Corps-Iraq (MNC-I) had an inadequate records management system for the IIGF project folders. Because it was a judgmental sample, we did not project the results of this sample to the universe.

To determine if Multi-National Force-Iraq (MNF-I) can properly account for the IIGF funds and whether the funds were used for their intended purposes, we interviewed the MNF-I and the MNC-I program managers. In addition we interviewed officials from MNF-I, MNC-I, major subordinate command staff, and the Joint Area Support Group-Central Comptroller to understand how the IIGF projects and disbursements are controlled.

We reviewed the 26 selected project packets based on MNF-I and MNC-I guidance on IIGF procedures and administrative requirements included in fragmentary orders and standard operating procedures. MNC-I implemented limited document controls to manage IIGF projects records.

For the 26 selected projects, we determined the effectiveness of the management controls by:

- reviewing the records of completed project files under MNC-I control,
- comparing IIGF financial information in MNC-I records with STANFINS data,
- comparing IIGF data contained in IRMS with MNC-I project and financial files,
- reviewing the required IIGF status reports.

We conducted this audit from May through August 2006, in accordance with generally accepted government auditing standards.

**Use of Computer-Processed Data.** We utilized data from STANFINS to determine that MNF-I could account for all the funds provided by the Iraqi government from its Development Fund for Iraq to the IIGF. However, we did not perform a review of the controls of STANFINS, but did compare the data to the original records provided to us by MNF-I.

Further, because of data reliability issues that we and MNF-I identified, we did not rely on the data from the Iraq Reconstruction Management System (IRMS) to draw our conclusion that the MNF-I can account for all the IIGF.

**Prior Coverage.** The Office of the Special Inspector General for Iraq Reconstruction (SIGIR) issued several related audit reports, which can be accessed on its website <http://www.sigir.mil>:

- SIGIR-06-003, dated April 28, 2006, *Review of Data Entry and General Controls in the Collecting and Reporting of the Iraq Relief and Reconstruction Fund*, concluded that the reliability of the reports generated by IRMS is diminished without assurance that the initial data entering the system are complete, accurate, and valid. Further, until improvements are made in general and security controls; there is diminished assurance that there is adequate security and integrity of the data in IRMS that supports program management oversight and decision making.
- SIGIR-06-001, dated April 24, 2006, *Management of Iraq Relief and Reconstruction Fund Program: The Evolution of the Iraq Reconstruction Management System*, concluded that development of the new unified Iraq Reconstruction Management System showed progress toward meeting the automated support requirements, but there were still problems to resolve relating to data verification before the system would become fully functional.
- SIGIR-05-025, dated January 23, 2006, *Management of the Commander's Emergency Response Program for Fiscal Year 2005*, concluded that project data MNF-I used to track the progress of projects and report the status of projects to higher headquarter units contain several errors, and that MNF-I units still have not fully complied with requirements for project records.
- SIGIR-05-014, dated October 13, 2005, *Management of Commander's Emergency Response Program for Fiscal Year 2004*, concluded that appropriated funds were properly used for their intended purposes but overall controls over the distribution of appropriated funds were not consistently followed, and that the required project documentation for Commander's Emergency Response Program projects was not consistently used to ensure accountability of projects.

In addition, the Army Audit Agency conducted a series of audits on the funds allocated to Commander's Emergency Response Program and Quick Response Fund, which includes the following reports:

- A-2006-0090-ALE, dated March 31, 2006, *Follow-Up II of Commanders Emergency Response Program and Quick-Response Fund*
- A-2005-0332-ALE, dated September 30, 2005, *Follow-Up of Commanders Emergency Response Fund and Quick-Response Fund*
- A-2005-0173-ALE, dated May 2, 2005, *Commanders Emergency Response Program and Quick-Response Fund*

## **Appendix B—Letter Establishing the IIGF, July 15, 2004**

Note: This is a reproduction of the original letter, dated July 15, 2004, in MNC-I's files. As shown below, the reproduction had the year 2004 and some words on the right-hand side truncated.

# Appendix C—Analysis of Documents Contained in 26 Judgmentally Sampled Completed IIGF Project Files

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MSC	Project Title	Document Types												
		MSC Comptroller Clearance Letter	Commanders Clearance Letter	Money In (DD 1081)	Money Out (DD 1081)	PA Appointment Letter	PPO Appointment Letter	Signature Letter	Signature Card for PA (DD 577)	Project Proposal for PPO (DD 577)	Invoice / Statement of Work	Receiving Report (DD 250)	Purchase Request & Commitment (DA 3953)	Actual Contract (SF 1449)
MNC-I	Travel Reimbursement for Voting	X	X	X	X	X	X	X	X	X	N/A	X	N/A	X
MNC-I	Funding Camp Bucca Projects (Bulk Payment)													
MND-B	Roadway Project	X	X	X	X	X	X	X	X	X	X	X	X	X
MND-B	Two Armored SUV's	X	X	X	X				X	X	X	X	X	X
MND-B	Rear Generators Inoperative	X	X	X	X	X	X		X	X	X	X	X	X
MND-B	Install New Sewer Pumps	X	X	X	X				X	X	X	X	X	X
MND-B	Renovation of Fresh Water System	X	X	X	X				X	X	X	X	X	X
MND-B	Sewer Line Repair	X	X	X	X				X	X	X	X	X	X
MND-B	Pump Station Renovation	X	X	X	X				X	X	X	X	X	X
MND-B	Sewer Network Renovation	X	X	X	X				X	X	X	X	X	X
MND-B	Baghdad Sewage Office Retrofit	X	X	X	X	X	X	X	X	X	X	X	X	X
MND-B	Sewer Lift Station Rehabilitation	X	X	X	X				X	X	X	X	X	X
MND-B	Rehab P6 Sewage Pump Station	X	X	X	X				X	X	X	X	X	X
MND-B	Renovation Rasheed Water Treatment Plant	X	X	X	X				X	X	X	X		X
MND-B	Route Pluto Renovations	X	X	X	X				X	X		X	X	X
MND-B	Amar Clinics	X							X					X
MND-CS	Fuel for Election Support		X	X	X	X	X	X	X	X	N/A	X	N/A	X
MNF-W	Road Construction			X	X	X			X	X	X	X	X	X
MNF-W	Construction Apprectice Program								X	X	X	X		X
MNF-W	Primary School Repair			N/A	N/A	X			X	X	N/A	X	X	X
MNF-W	Primary School Repair					X				X		X	X	X
MNF-W	Road Refurbishment					X						X	X	X
MNF-W	Secondary School for Boys					X				X		X	X	X
MNF-W	Graffiti Removal								X		X	X	X	X
MNF-W	School Construction								X			X	X	X
MNF-W	Hospital Work										X	X	X	X

Source: SIGIR Analysis of 26 IIGF Project Files, August 2006

NOTE: While there are 13 basic document types required for IIGF project files, in some instances "alternative" documents are accepted. Therefore, this table includes 14 types of documents identified in our analysis of IIGF project files.

## LEGEND

DA	Department of Army form
DD	Department of Defense form
DD 1081	Statement of Agent Officer's Account
MNC-I	Multi-National Corps-Iraq
MND-B	Multi-National Division-Baghdad
MND-CS	Multi-National Division-Central South
MNF-W	Multi-National Force-West
MSC	Major Subordinate Command
N/A	Document not applicable to the specific project
PA	Paying Agent
PPO	Project Purchasing Officer
SF	Standard Form
X	Document located in project file

## **Appendix D—Acronyms**

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CERP	Commander's Emergency Response Program
IIGF	Iraqi Interim Government Fund
IRMS	Iraq Reconstruction Management System
MNC-I	Multi-National Corps-Iraq
MNF-I	Multi-National Force-Iraq
SIGIR	Special Inspector General for Iraq Reconstruction
STANFINS	Standard Financial System (Department of the Army)

## **Appendix E—Report Distribution**

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### **Department of State**

Secretary of State

    Senior Advisor to the Secretary and Coordinator for Iraq

U.S. Ambassador to Iraq

    Director, Iraq Reconstruction Management Office

    Mission Director-Iraq, U.S. Agency for International Development

Inspector General, Department of State

### **Department of Defense**

Secretary of Defense

Deputy Secretary of Defense

    Director, Defense Reconstruction Support Office

Under Secretary of Defense (Comptroller)/Chief Financial Officer

    Deputy Chief Financial Officer

    Deputy Comptroller (Program/Budget)

Inspector General, Department of Defense

Director, Defense Contract Audit Agency

Director, Defense Finance and Accounting Service

Director, Defense Contract Management Agency

### **Department of the Army**

Assistant Secretary of the Army for Acquisition, Logistics, and Technology

    Principal Deputy to the Assistant Secretary of the Army for Acquisition,  
        Logistics, and Technology

    Deputy Assistant Secretary of the Army (Policy and Procurement)

    Director, Project and Contracting Office

    Commanding General, Joint Contracting Command-Iraq/Afghanistan

Assistant Secretary of the Army for Financial Management and Comptroller

    Chief of Engineers and Commander, U.S. Army Corps of Engineers

    Commanding General, Gulf Region Division

Auditor General of the Army

### **U.S. Central Command**

Commanding General, Multi-National Force-Iraq\*

    Commanding General, Multi-National Corps-Iraq

    Commanding General, Multi-National Security Transition Command-Iraq

    Commander, Joint Area Support Group-Central

### **Other Federal Government Organizations**

Director, Office of Management and Budget

Comptroller General of the United States

Inspector General, Department of the Treasury

Inspector General, Department of Commerce

Inspector General, Department of Health and Human Services

Inspector General, U.S. Agency for International Development

President, Overseas Private Investment Corporation

President, U.S. Institute for Peace

\*Recipient of the draft report

## **Congressional Committees and Subcommittees, Chairman and Ranking Minority Member**

### **U.S. Senate**

Senate Committee on Appropriations

    Subcommittee on Defense

    Subcommittee on State, Foreign Operations and Related Programs

Senate Committee on Armed Services

Senate Committee on Foreign Relations

    Subcommittee on International Operations and Terrorism

    Subcommittee on Near Eastern and South Asian Affairs

Senate Committee on Homeland Security and Governmental Affairs

    Subcommittee on Federal Financial Management, Government Information and  
    International Security

    Subcommittee on Oversight of Government Management, the Federal  
    Workforce, and the District of Columbia

### **U.S. House of Representatives**

House Committee on Appropriations

    Subcommittee on Defense

    Subcommittee on Foreign Operations, Export Financing and Related Programs

    Subcommittee on Science, State, Justice and Commerce and Related Agencies

House Committee on Armed Services

House Committee on Government Reform

    Subcommittee on Management, Finance and Accountability

    Subcommittee on National Security, Emerging Threats and International  
    Relations

House Committee on International Relations

    Subcommittee on Middle East and Central Asia

## **Appendix F—Audit Team Members**

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This report was prepared and the audit was conducted under the direction of Joseph T. McDermott, Assistant Inspector General for Audit, Office of the Special Inspector General for Iraq Reconstruction. The staff members who contributed to the report include:

Frank W. Gulla

W. Dan Haigler

Ronald L. Rembold

# Management Comments

## Multi-National Force-Iraq



REPLY TO  
ATTENTION OF

**HEADQUARTERS**  
MULTI-NATIONAL FORCE – IRAQ  
BAGHDAD, IRAQ  
APO AE 09342-1400

MNFI-CG

OCT 13 2006

MEMORANDUM FOR Special Inspector General for Iraq Reconstruction, 400 Army Navy Drive, Arlington, VA 22202

SUBJECT: Management Comments for Draft Audit Report on Management of Interim Iraqi Government (IIG) Funds (SIGIR-06-031)

1. Reference, Draft Audit Report on Management of IIG Funds (SIGIR-06-031), 24 September 2006.

2. Multi-National Force – Iraq provides the following comments for inclusion in the final report:

a. Recommendation: Enforce existing guidance on maintaining project records; including conducting quarterly reviews to ensure accuracy of IIG fund project files.

Management Comment: Concur - In August 06, MNC-I CJ8 centralized all IIG funding in one account in the HQ as opposed to distributing to MNDs. This will ensure project files are maintained, tracked, and reviewed through the entire management process in one central location. Additionally, MNF-I RM will initiate quarterly reviews to ensure accuracy of program files.

b. Recommendation: Develop a tracking system for controlling and processing IIG fund project files through entire management process.

Management Comment: Concur - MNC-I CJ8 will reevaluate its current tracking system and perform the appropriate adjustments to ensure proper control of all files.

c. Recommendation: Continue efforts to improve Iraq Reconstruction Management System accuracy for IIG fund projects.

Management Comment: Concur - IRMS is a new management system that required substantial effort in FY06 to populate with records; as it matures, the accuracy of the data in the system will continue to improve.

d. Recommendation: Provide the Iraqi Government required accountability of these funds.

Management Comment: Concur – MNF-I resumed reporting the status of IIG funds to the Iraqi Government in July 2006 and will continue to generate monthly reports.

MNFI-CG

SUBJECT: Management Comments for Draft Audit Report on Management of Interim Iraqi Government (IIG) Funds (SIGIR-06-031)

3. My point of contact for this issue is COL Dave Hill at DSN 318-239-9462.

FOR THE COMMANDER:



THOMAS L. MOORE, JR.  
MajGen, USMC  
Chief of Staff